METHOD OF OPERATING A SAVINGS PLAN FOR HEALTH CARE SERVICES

FIELD OF THE INVENTION

The field of this invention is methods for the provision of health care services and more particularly such methods that are savings plans.

BACKGROUND OF THE INVENTION

Finding a competent health care provider at a discounted price can be difficult. Existing services or networks make referrals to providers willing to accept a discounted price in return for their listing in the network. However, these services typically charge a monthly fee to the consumer. This means that even if a consumer of health care services goes to the doctor relatively infrequently, he or she pays that monthly premium. This makes such a system unattractive.

Another drawback to existing savings plans is the lack of a benefit seen by the consumer at the time of joining the plan as well as during the time of use of the plan. In order for the savings plan to work it has to attract a large pool of providers and a large pool of consumers and it has to maintain the participation of these pools after an initial use of the plan. In order to attract and maintain a large pool of consumers, the consumers have to feel the benefits of participating in a savings plan. Existing plans advertise the number of providers that participate in the plan, the amount of the discount off a hypothetical regular price or fee, the inclusiveness of the plan with respect to the type of health care services available to be covered by the plan, the inclusion of particular treatments in the plan, and the fact that it is easy to join and use the plan. Existing plans do not, however, advertise that there is no monthly fee, since the plans need to recoup their

administrative expenses of operating the plan.

With respect to the pool of providers the savings plan is beneficial to the providers because the plan functions as a referral service for medical and other professionals that generates inquiries from consumers who would otherwise not contact a particular provider for any number of reasons: uninsured consumers may tend to avoid or minimize consumption of health care services; some consumers may assume that health care services are available only at prices not affordable to him or her, and if these consumers were made aware of discounted prices or fees offered by providers on a referral list those consumers would more frequently use such services. Some consumers may not know that a health care provider was conveniently located, and learns this information only by accessing a referral service list of health care providers and their locations. The fact that a savings plan organizes professionals by specialty and location may enhance the appeal of using the health care services, and stimulate consumption of health care services that would otherwise not occur. The publication of sample discounted prices may galvanize the consumer to use health care providers not otherwise being sought.

Other referral services, however, typically operate by charging a monthly fee.

Because the casual or occasional consumer of services has an imperfect knowledge of a complex marketplace, merely quoting a reduced or discounted price to the consumer does not make apparent an extent of savings. Therefore it is desirable for a consumer to have access to a health care savings plan which notifies consumers of discounts in a way that has the maximum impact - initially upon selection of the provider, and later at the time of billing. The prior art plans do not have the combined advantages of laying out for the consumer the amount saved through

discounts and providing a preferred price for participation in a plan, yet not incurring a regular recurrent charge for plan participation. Furthermore, it is preferable to not require prior participation in an insurance program or affiliation with any organization such as an employer or a health maintenance organization since some health care consumers might not be affiliated with such organizations.

There is thus a need for a medical savings plan that alerts the user to the savings as the savings accrues. There is a need for such a plan that does so as part of its billing process.

OBJECTS AND ADVANTAGES

The following important objects and advantages of the present invention are:

(1) to provide a method of operating a medical savings plan;

(2) to provide a method of operating a medical savings plan that makes available to consumers of services encompassed by the plan a full range of networks of providers, including physicians, dentists, optometrists, opticians, pharmacists and ancillary medical care personnel, and that furnishes these providers with referrals;

(3) to provide a medical savings plan that affords discounts to the consumers wherein these discounts represent a substantial savings off the regular prices of participating providers;

(4) to provide such a plan wherein the plan owner charges no monthly fee for participation in the plan and no other fees except an administrative fee representing a specified percentage of the discount;

(5) to provide such a plan whereby the administrative fee is between approximately 25% and approximately 33% of the discount, which discount is also called the savings difference;

(6) to provide a health care savings plan wherein the discount is highlighted to the user at the time of billing since the user is billed separately for the health care services at the regular price, wherein the user is also credited an amount representing a discount off the regular price and wherein the user is also separately billed an administrative charge or fee representing a specified percentage of the savings difference;

(7) to provide a medical savings plan whereby the amount of the savings is highlighted to the user as part of the billing process of the plan;

(8) to provide a medical savings plan that is useful and convenient both for the uninsured consumer and the insured consumer and both for employed and unemployed consumers; and

(9) to provide a medical savings plan that allows a health care provider to transmit an invoice while the health care consumer is in the office of the provider so that approval authorization on the credit card is determined on the spot and if there is a rejection the provider can use alternate means of billing.

SUMMARY OF THE INVENTION

A method of operating a health care services savings plan is disclosed wherein it is not necessary to charge a monthly fee. Individual health care providers or provider entities are approached and identified and asked to furnish an agreement to accord very substantial discounts to participating consumers, and to also furnish basic identifying data about themselves to be available to the public. An individual provider or individual health care provider in this context is understood to be an individual practitioner or service provider, whereas a provider entity or health care provider entity is understood to be a organization such as a partnership, an LLC, or a

corporation which is empowered to offer the services of at least two individual providers. When a provider entity participates in the plan, the form of this participation may either take the form of furnishing of a list of individual providers, the provider entity being invisible to the consumer, or of a listing of the provider entity as itself in the form of an individual provider: for example, "Park West Medical Associates", a discounted price for a procedure performed at that location being associated with the collective entity, but not with an particular individual practitioner. The terms "provider" or "health care provider" or "health care service provider" when not otherwise qualified shall be understood to refer indifferently to an individual provider or a provider entity.

The data on these individual providers or provider entities is made available by any of several methods, one being that the data is entered in and published on the plan owner's advertised web site. The web site identifies the individual health care providers or provider entities for each medical specialty, an overall estimate of the amount of discount the consumer can expect to receive off the regular prices charged by comparable providers in that geographic area, as well as the percentage of such discount or savings that the consumer is asked to return as an administrative charge to the plan owner. Data is updated as changes occur. Consumers electing to participate in the plan are issued cards by the plan owner. Participating consumers access the data, select health care providers or provider entities, present plan cards to the selected providers and receive health care. The plan bills the user the regular price, issues a credit for the savings difference less the administrative charge representing the previously published specified percentage of the savings difference. That percentage is twenty-five to thirty percent (25% to 33%) of the savings difference. In a preferred embodiment, the billing is conducted electronically

and begins when the health care provider first bills the plan for the visit of the consumer by telecommunications using a computer, whereupon the plan electronically bills the health care consumer's credit card.

DETAILED DESCRIPTION OF THE PREFERRED EMBODIMENT

The present method involves the operation of a health care savings plan without a monthly fee, by a plan owner which is a company or other entity that administers the savings plan. The consumers of the health care services typically make payments by credit cards. To the extent payments are made by credit card, the plan owner is in the position of a vendor in relation to the credit card company of the consumer.

The services provided under the plan are not limited to medical care but rather also include dental services, purchasing of pharmacy prescriptions, and optical services such as optometrists and opticians. The plan can include other health related services also, such as nursing. With respect to prescriptions, instead of treatment types the services would be categorized by types of medication. Accordingly, the term "provider" or "health care provider" as used herein means physicians, dentists, pharmacists, optometrist, opticians and ancillary medical care personnel such as hospital home care personnel but can also mean other types of health care providers. An individual provider or individual health care provider in this context is understood to be an individual practitioner or service provider, whereas a provider entity or health care provider entity is understood to be a organization such as a partnership, an LLC, or a corporation which is empowered to offer the services of at least two individual providers. When a provider entity participates in the plan, the form of this participation may either take the form of furnishing

of a list of individual providers, the provider entity being invisible to the consumer, or of a listing of the provider entity as itself in the form of an individual provider: for example, "Park West Medical Associates", a discounted price for a procedure performed at that location being associated with the collective entity, but not with an particular individual practitioner. When a health care provider entity furnishes a plan owner with information for individual providers or practitioners, these providers or practitioners will be referred to as being under the administrative control of the health care provider entity. The terms "provider" or "health care provider" or "health care service provider" when not otherwise qualified shall be understood to refer indifferently to an individual provider or a provider entity. The term "pharmacist" as used herein can mean a major chain drug store as well as a neighborhood pharmacy.

The plan operates as follows:

The plan is first configured to include a plurality of health care service providers or provider entities who have mutually agreed to participate in the plan by providing medical services, dental services, pharmacy services, optometry services, etc. at a very substantial discount, which discounted prices are agreed to in advance and are uniform for specified services in a given geographic area. The plan owner, after deciding which geographic area it wishes to operate in, identifies and approaches providers in all or enough specialties for each area to cover all or substantially all of the expected forms of treatment and medication types needed by patients. The services offered have to be sufficiently broad in scope to attract and maintain a sufficient pool of participating consumers, which in turn attracts and maintains a pool of participating providers. The treatment types can be categorized in a number of ways, one of which being simply using the

categories that insurance companies use to categorize treatment types. For each treatment type specified the individual provider or provider entity is asked to agree to provide a specified health care service at a specified discounted price, "health care services" including dental care services and optometry services. With respect to pharmacists, instead of treatment types, there are types of medication.

The price offered by all providers to consumers under the plan is uniform for a particular treatment type, although in an alternative embodiment, the price is not uniform. As an example where the price is uniform, the price for a mammography would be uniform across the board for all providers participating in the plan. In an alternative embodiment, the uniformity would be limited to a particular geographic area. It should be noted, however, that the regular price that the various providers in that medical specialty offer such a treatment type in all likelihood varies. Since the actual discounted price offered under the plan is uniform for plan providers, the amount of the percentage discount off the regular price offered by the plan varies in relation to the particular provider. However, the plan takes an average of the regular prices of the providers and publishes a general statement that the savings discount offered under the plan is up to 80% off the regular prices of the various providers.

It should be noted that in the invoice from the plan to the health care consumer the cost of the "treatment type" also include the cost of the laboratory tests requisitioned by the health care provider as part of the treatment whereas in the invoice from the health care provider to the plan the cost of the laboratory test would be treated a separate "treatment" or "treatment type".

Each of the providers or provider entities in the plurality of health care providers

participating in the plan agrees to sign a uniform provider agreement that states a specific discounted price for the various treatment types and medication types and obligates the individual health care providers or provider entities to provide basic identification information, such as name, address, telephone number, that will be made available to consumers by one of various methods including (i) on a web site connected to a global communications network such as the World Wide Web on the Internet and (ii) by means of a live operator having access to a computerized locator. In the alternative embodiment where the prices are not uniform for a particular treatment type, the uniform provider agreement would not state a specific discounted price that is uniform. The provider entities may either sign agreements which obligate them to supply basic identification information of individual providers whom they are empowered to contract for, or of the provider entity or service center itself.

Once the plan is configured, the plan owner advertises the plan to create a pool of patients who would participate in the plan by consuming the health care services of the health care providers who participate in the plan. The advertisement includes reference to a web site of the plan owner where basic data about participating health care providers is listed by medical specialty and geographic location.

The plan owner enters data and publishes that data in one of several ways. In the preferred embodiment, the data is entered and published on a web site connected to and accessible through a global communications network. The web site includes (i) the identification data provided by the health care providers, (ii) the savings available for sample treatments and medication types under the plan, (iii) a specific example of a billing of health care service under

the plan showing the regular price for a particular health care service, the discounted price for that health care service, a savings difference saved under the plan, a service fee percentage, and an administrative charge debit charged by the plan, calculated by applying the service fee percentage to the savings difference, the specific examples serving to highlight how a consumer who uses the plan saves the savings difference less the administrative charge debit, and (iv) an invitation to order a membership enrollment kit and to join the plan. The web site is operated and supported by a computer of the plan owner, or by an Internet service provider who leases disk storage and web access to the plan owner. The administrative charge debit is arrived at by applying a service fee percentage to the savings difference and that service fee percentage is also stated on the web site as always being between 25% and 33%.

The web site specifies the savings available for various treatment by giving examples of price discounts for particular treatment and medication types and by illustrating how the whole savings is retained by the consumer except for the administrative charge which in each example represents a specified percentage – the service fee percentage -- of the savings difference. The service fee percentage is between 25% and 33%. The web site also explains that there is no monthly fee, no premiums, no other fees, no co-payments and no claim forms, and invites interested consumers to order a membership enrollment kit.

Medication types are not specified by example on the web site because unlike treatments there are no published average costs for medication types

In the alternative embodiment, the data is entered and published on a computer and is access by a live operator who is contacted by a health care consumer, for example by telephone.

Accordingly, the term "entering and publishing" as used herein shall include entering the data on a computer and making it available to consumers who call in to a live operator who accesses such data. The term "data source" as used herein shall mean either a web site connected to and accessible through a global communications network or else a computer run by a human operator who can be contacted and requested orally to electronically search and retrieve data on the computer and respond to the request from a health care consumer.

An illustration of an example is provided below. The examples is of the billing of a visit for an abdominal MRI under the plan. The regular price ($1200) and the discounted price ($400) for that treatment type is listed and it is calculated that the consumer saves 66.67% ($800) by using the plan at the discounted price. It is further shown by the example that the consumer retains the full 66.67% savings difference ($800) less 25% ($200) of that 80%. In the example provided, the consumer saves $600, which represents a net savings of 50 percent.

When a consumer communicates to the plan owner that he or she wishes to enroll in the savings plan, a membership enrollment kit is electronically transmitted over the World Wide Web or otherwise provided to them such as by asking questions over the telephone. The membership enrollment kit notifies the consumers that they can call up to learn of a specific actual price for a specific treatment or medication type. Accordingly, the consumer can know in advance exactly how much of a savings he or she will obtain. The absence of monthly or other fees allows the plan to provide the consumer with an exact prediction of the expected cost savings since it is independent of the number of visits. If the visits increase then the savings increases proportionately so the proportion of the savings can be predicted. The membership enrollment kit

also includes a health care savings plan card for health care consumers who have agreed to participate in the plan. The web site also explains that there are no monthly charges for use of the plan and that the only charge is a fixed service fee percentage ranging from 25 to 30 per cent of the actual savings difference realized by the consumer. The kit also states generally that on average, depending on the treatment and medication types needed by the consumer, the savings expected is up to 80% off the regular price of the provider is offered by the plan.

As explained further below, the billing method further highlights to the consumer the realization of the savings. The web site publishes the service fee percentage charged by the plan, which represents the proportion of the savings difference, i.e. 25% or 33% of that difference that is charged by the plan as an administrative charge. The terms "savings difference" means the difference between the regular price of the provider for a particular treatment or medication type and the actual discounted price offered under the plan.

Once the plan has been configured, data provided by the health care provider entities is entered and published to consumers on a web site connected to and accessible through a global communications network. The web site is operated and supported by a computer of the plan or that of an Internet service provider from whom the plan owner leases disk storage and Internet access. A leased or partially leased computer will also be referred to hereunder as a "computer of the plan". The data on the web site, including identification data applicable to the providers and including prices, is updated regularly as new providers are added to the pool of providers and as the data changes with respect to existing providers. Furthermore, if the participation status of any of the health care provider entities changes that information is also updated on the web site when

it occurs.

Once the consumer receives the health care savings plan card, the consumer goes to the provider and obtains any needed health care service, whether it be medical, dental, optical (optometrist or optician) or pharmacy. For each instance in which there is a provision of health care services by an individual provider or health care providing entity participating in the plan to a consumer of the health care services who is enrolled in the plan, the plan is implemented as follows:

(a) the health care consumer accesses the data and selects an individual provider or health care provider entity or, if the pool of providers is sufficiently large, inquires from a provider the consumer already knows as to whether the provider is a member of the plan and if applicable is told that the provider participates in the plan;

(b) the health care consumer goes to the provider and presents a health care savings plan card evidencing membership in the plan. After presenting the card, the consumer receives a treatment type of health care services from that health care provider. Non-participants do not receive the discount offered under the plan from the provider who is a member of the plan;

(c) the health care provider electronically transmits an invoice for its treatment type of health care services to the computer of the plan for the treatment or medication type of health care services provided to the health care consumer;

It should be noted that while the health care consumer is at the office of the health care provider the health care provider electronically transmits the invoice for health care services provided by the health care provider to the computer of the plan owner for the treatment type.

The invoice includes a provider identification number, a member identification number, a date of service, a procedure code for the treatment type and an amount of the regular price of the health care provider for the treatment type. The computer of the plan owner has a database its storage and the database includes data concerning health care consumers, health care providers and fee schedules. Accordingly, the computer of the plan owner searches the database of credit card data for the health care consumer to determine if the credit card account of the health care consumer has in it an amount at least equal to the regular price of the health care provider for the treatment type. If the computer's determination is that it does, the computer calculates the savings difference, the amount of the credit and the amount of the administrative charge debit and then issues an authorization number to the health care provider approving the transaction. If not, the computer advises the health care provider so that the health care provider, who has the health care consumer in his or her office, can request payment instead by cash.

(d) the plan owner electronically transmits a debit to the credit card company of the consumer on the consumer's account for the treatment type of health care services at the regular price;

(e) the plan electronically transmits a credit to the credit card company of the health care consumer on the consumer's account. The credit represents a savings difference between the regular price for that treatment type of health care services and the discounted price for that treatment type of health care services which is then reduced by an administration charge debit to the credit card company of the health care consumer, the administrative charge debit representing the service fee percentage applied by the plan owner to the savings difference. The administrative

charge debit is always between 25% and 33% of the savings difference;

(f) the health care consumer pays to the credit card company the sum of the debit less the credit (the credit already includes the administrative charge debit),

(g) the credit card company pays the plan owner the sum of the debit less the credit, that sum being further reduced by a credit card fee; and

(h) the plan pays the health care provider entity the discounted price for the treatment type of health care services and retains the amount equal to the administrative charge debt less the credit card fee.

It can be seen that under the health care savings plan shown herein, the consumer pays no monthly or other fee and that the only fee paid is proportional to the consumer's use of the plan. Furthermore, it can be seen that under the plan shown herein, the fact and amount of the savings realized by the consumer is highlighted to the consumer both at the time of joining the plan and during use of the plan and after use of the plan through the billing method described.

The method described above differs with respect to the pharmacist first of all in that the pharmacist is selling goods rather than providing a health care service. However, for simplicity in this patent application the term "health care services" shall also include what the pharmacist does in providing to health care consumers prescription medication. Instead of a treatment type there is a medication type. As previously noted, the medication type does not have a standard regular price. Accordingly, no specific example of the savings on a particular kind of prescription medication is provided in advance to the health care consumer.

It is to be understood that while the method of this invention have been described and

illustrated in detail, the above-described embodiments are simply illustrative of the principles of the invention. It is to be understood also that various other modifications and changes may be devised by those skilled in the art which will embody the principles of the invention and fall within the spirit and scope thereof. It is not desired to limit the invention to the exact construction and operation shown and described. The spirit and scope of this invention are limited only by the spirit and scope of the following claims.